

UNITED STATES DISTRICT COURT
NORTHER DISTRICT OF TEXAS
DALLAS DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 VS.) No. 3:18-CR-00410-M-1
)
 ROBERT C. LEONARD, JR.,)
)
 Defendant.)
 _____)

SENTENCING HEARING
BEFORE THE HONORABLE BARBARA M.G. LYNN
UNITED STATES DISTRICT COURT JUDGE
MAY 15, 2019
DALLAS, TEXAS

FOR THE PLAINTIFF:

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Proceedings reported by mechanical stenography;
transcript produced by computer-aided transcription.

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I N D E X

MAY 15, 2019

Plaintiff's

| <u>Witnesses:</u> | <u>Direct</u> | <u>Cross</u> | <u>Redirect</u> | <u>Recross</u> |
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| PHILIP STEPHENSON | 9 | 19 | | |
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Defendant's

| <u>Witnesses:</u> | <u>Direct</u> | <u>Cross</u> | <u>Redirect</u> | <u>Recross</u> |
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| ROBERT LEONARD | 27 | 29 | | |
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CHARACTER WITNESSES

| | | | | |
|--------------|----|--|--|--|
| LIZ MICHENER | 41 | | | |
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| NICOLE LEONARD | 43 | | | |
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1 (PROCEEDINGS BEGAN AT 2:05 PM.)

2 THE COURT: All right. The Court calls
3 Robert Leonard.

4 Mr. Lewis -- I'm going to review, Mr. Leonard, with
5 you and your counsel what I have in my file to make sure
6 there's nothing that I have not received that you all intended
7 for me to have. I'm going to begin at the end.

8 Sent to us yesterday were two handwritten letters
9 from -- it sounds like friends of your since you were a kid.
10 It's a little bit hard for me to read. I think it's
11 Darius Swangstue, S-W-A-N-G-S-T-U-E, and Hank Mauer,
12 M-A-U-E-R. I have reviewed those letters. Additional letters
13 that I have and have reviewed: Raymond Bretz, B-R-E-T-Z, and
14 Vincent Palumbo, P-A-L-U-M-B-O.

15 The Court has the Presentence Report. Have you
16 reviewed that, Mr. Leonard?

17 THE DEFENDANT: Ma'am, I can't hear you.

18 THE COURT: Have you reviewed the Presentence Report?

19 THE DEFENDANT: Yes.

20 THE COURT: Do you know of any mistakes in that that
21 need to be corrected other than those that have been pointed
22 out by Mr. Lewis in the objections he filed on your behalf?

23 Look at me, Mr. Leonard. If you don't understand me,
24 ask me. You don't understand me?

25 THE DEFENDANT: I can't hear you.

1 THE COURT: Okay. Do you have the devices Amanda
2 that we could provide?

3 Okay. We'll take a break here for a minute. It's
4 important you hear me.

5 MR. LEWIS: Your Honor, I have one more thing that I
6 received yesterday that was from a Dr. Charles Smith regarding
7 an office visit that Mr. Leonard had on April the 30th of this
8 year. May I approach and tender that to the Court?

9 THE COURT: Is this the last of it?

10 MR. LEWIS: Yes, and it's very short.

11 THE COURT: Okay. Can you hear me now, Mr. Leonard?
12 Can you hear me?

13 THE DEFENDANT: It doesn't do anything. All it has
14 is static.

15 MR. LEWIS: I can -- I'm standing beside him and I
16 hear it, too. It sounds just like that.

17 THE DEFENDANT: It doesn't project your voice. I'm
18 sorry.

19 THE COURT: Would you pass that up, Mr. Lewis?

20 MR. LEWIS: Yes, ma'am.

21 THE COURT: Okay. Our stuff is not working, so I'm
22 going to try really raising my voice, Mr. Leonard. So I'm
23 going to put this right in front of me. I'm going to talk
24 very loud. Can you hear me now?

25 THE DEFENDANT: I got it.

1 THE COURT: All right. I'm going to talk that loud
2 the whole time. And if you can't hear me, then you need to
3 give me a wave and I'll shout it. Okay?

4 THE DEFENDANT: That's fair enough.

5 THE COURT: All right. Okay. So do you know of any
6 mistakes in the Presentence Report that have not been pointed
7 out to me by Mr. Lewis?

8 There were some factual corrections that were made.
9 I'll give you an example because I think this will help you
10 remember.

11 There was a statement in the Presentence Report that
12 Mr. Sorrells attended the wedding of your daughter and, in
13 fact, that was wrong because your daughter is not married and
14 what it should have said, as I remember, is that you attended
15 the wedding of Mr. Sorrells' son. So that's the kind of thing
16 that Mr. Lewis would not know unless you told him. So that is
17 an example of something that must have been corrected because
18 you brought it to your lawyer's attention, and that tells me
19 that you reviewed the Presentence Report and told Mr. Lewis
20 where there were mistakes and he pointed them out to me. Is
21 that a fair conclusion?

22 THE DEFENDANT: Yes, ma'am.

23 THE COURT: Okay. All right. Now there is a
24 substantive difference between the parties that we will get
25 back to that relates to restitution, although I will say that

1 this issue of the amount of restitution being 137 million
2 dollars or 70 plus million dollars is academic.

3 Would you agree, Mr. Wirmani.

4 MR. WIRMANI: I would, Your Honor.

5 THE COURT: Okay. It's not that I don't think that's
6 a lot of money, but I don't think that is significant and not
7 that I don't think the difference between those numbers is not
8 an astronomical figure and not that I'm not going to hear
9 testimony on it, but the prospect that Mr. Leonard will be
10 able to repay that is, to say the least, remote. But there is
11 an issue there, and the Court will hear limited testimony on
12 that.

13 To the extent there is an objection about Mr. Leonard
14 qualifying as a leader and organizer or otherwise satisfying
15 the provision that would allow for that enhancement, the Court
16 overrules the objection.

17 The Court is of the view that *Sentencing Guidelines*
18 3B1.1(a) is satisfied; that the unindicted co-conspirator,
19 whose initials are R.R., does qualify as a participant, but
20 even if he doesn't, the Court concludes that the criminal
21 activity was otherwise extensive as that phrase is used in
22 Sentencing Guideline 3B1.1, Comment Note 3, and case law out
23 of the Fifth Circuit and, therefore, the Court concludes that
24 that enhancement was properly applied. That is Objection No.
25 3 which is overruled.

1 Objection No. 1 is a correction that was accepted.

2 Objection No. 2 provides certain additional
3 information that Mr. Leonard wants the Court to know about his
4 state of mind. The Court will take that as Mr. Leonard's
5 statement of his state of mind in what he told the FBI. The
6 Court does not believe that necessitates any further
7 modification to the Presentence Report.

8 Objection No. 4 relates to the loss amount and
9 restitution subject on which I will hear limited testimony.
10 And, again, that number that the defense is urging is
11 \$79,861,702.40. So the difference between the parties is
12 roughly 58 million dollars.

13 And the other objections are cumulative of those
14 asserted before. And Objection 7 states the position of the
15 Defendant; that the Court should sentence him outside the
16 Guidelines.

17 So I have the Presentence Report, and I've ruled on
18 the objections of the Defense; the addendum to the Presentence
19 Report; Government's statement of no objections; the
20 Government's response to the defense objections; the
21 Government's motion of May the 7th, 2019, which the Court
22 grants; Government's statement of no objections to the
23 addendum; Mr. Leonard's sentencing memorandum.

24 Is there anything further that I have not listed that
25 I should have?

1 I also have what Mr. Lewis just handed up to me which
2 is a follow-up office visit to Dr. Smith dated April the 30th,
3 2019, that I reviewed when it was handed up to me. Anything
4 else?

5 MR. LEWIS: Nothing -- Nothing further from us,
6 Your Honor.

7 MR. WIRMANI: Not from the Government, Judge.

8 THE COURT: All right. So do you have any witnesses
9 that you intend to call, Mr. Lewis?

10 MR. LEWIS: Just that speak to his character, three
11 witnesses.

12 THE COURT: Okay. Then I think I'll hear from your
13 witness on loss, Mr. Wirmani.

14 MR. WIRMANI: Yes, Your Honor. Your Honor, the
15 Government calls Agent Phil Stephenson.

16 THE COURT: If you would stand right here in front of
17 the court reporter, please. Raise your right hand, please,
18 and state your full name and spell your last name.

19 THE WITNESS: Philip Stephenson, P-H-I-L-I-P; last
20 name is Stephenson, S-T-E-P-H-E-N-S-O-N.

21 (The Witness, PHILIP STEPHENSON, Is Sworn.)

22 THE COURT: Okay. Thank you. Be seated right there.

23 All right, Mr. Wirmani.

24 MR. WIRMANI: Your Honor, before I begin asking
25 questions, I just kind of want to set the stage in terms of

1 how we see the restitution issue, if that's permissible.

2 THE COURT: Okay.

3 MR. WIRMANI: We certainly understand it's our
4 ultimate burden to prove loss for restitution purposes.

5 We also agree that direct costs, to the extent that
6 they're proven, should be deducted from the loss amount.

7 I think the Fifth Circuit case law is a little
8 nuanced in terms of the burden. The Government retains the
9 ultimate burden to prove the loss amount, but to the extent
10 that there is an allegation of a direct cost --

11 THE COURT: They have to prove that.

12 MR. WIRMANI: -- we believe that they have to at
13 least come forward with some evidence.

14 THE COURT: I agree with you. How could you be
15 required to prove that?

16 MR. WIRMANI: Thank you, Your Honor. With that said,
17 we'll go through all of the challenged restitution figures
18 with testimony.

19 THE COURT: Okay. All right. Let me -- And let me
20 have that handy so -- If that's the way you're going to do it,
21 let me have that handy. That would be helpful to me. Okay.

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. WIRMANI:

24 Q State your name for the record, sir.

25 A Philip Stephenson.

1 Q And, Mr. Stephenson, what do you do for a living?

2 A A Special Agent for FBI.

3 Q And are you one of the agents involved in the
4 investigation of Dallas County Schools and Mr. Robert Leonard?

5 A I am.

6 Q And is it fair to say that you primarily worked or did
7 substantial work on the financial side of the case?

8 A It is.

9 Q Subpoenaed bank records from a number of different
10 institutions?

11 A Yes.

12 Q Reviewed those bank records, along with the invoices that
13 were collected through search warrants and other means?

14 A Yes.

15 Q And we've discussed prior to today some contested areas
16 of restitution in this case?

17 A Yeah.

18 Q All right. I want to start with the sale lease-back.
19 Are you familiar with what the sale lease-back aspect of this
20 case was?

21 A I am.

22 Q Can you briefly describe to the Court what that
23 transaction was and what the purpose was and how it relates to
24 the criminal conduct?

25 A So the sale lease-back was a means for Dallas County

1 Schools to take property that they owned outright, they owed
2 no money on it, and sell it through an RFP because they were
3 lacking cash at the time.

4 So what they did was the property was valued at
5 approximately 18 million dollars, and they took multiple bids.
6 The winning bid came out at 25 million dollars, and Dallas
7 County Schools received approximately 22.6 million dollars.

8 Their -- The next part of that transaction was that
9 they turned around and leased those properties back from the
10 company, known as Wedgewood Investments, for the life of --
11 I'm not sure of the terms of the agreement, but I believe the
12 total amount that they ended up owing the company they sold it
13 to was 44.5 million dollars.

14 Q Okay. And this 44.5 million dollars, that's on top of
15 what they already received back.

16 A Yes.

17 Q The Dallas County Schools received back. So the school
18 district undertook an obligation of approximately 40 million
19 dollars pursuant to this -- this deal.

20 A Yes, I believe so.

21 Q And is it your understanding that a certain portion of
22 that has already been paid pursuant to the lease payments?

23 A Yeah. Approximately 8 million dollars has been paid.

24 DCS has paid approximately 8 million dollars to that company.

25 THE COURT: Can I see counsel up here for a moment?

1 (An off-the-record discussion was had between the
2 Court and counsel.)

3 THE COURT: Court's going to take a two-minute
4 recess.

5 COURT SECURITY OFFICER: All rise.

6 (Court recessed from 2:22 PM until 2:26 PM.)

7 THE COURT: All right. Thank you very much. All
8 right. You can pick up where you were, Mr. Wirmani.

9 CONTINUED DIRECT EXAMINATION

10 QUESTIONS BY MR. WIRMANI:

11 Q Agent Stephenson, you mentioned approximately 8 million
12 dollars had already been paid by Dallas County Schools to
13 Wedgewood pursuant to this lease-back deal, correct?

14 A Yes. I believe that Wedgewood turned around and sold
15 that. So they had paid that money back to whoever owns the
16 rights to that contract now.

17 Q Who owns the lease at this point.

18 A Yes.

19 Q And approximately 24 million dollars remains outstanding
20 that now the Dissolution Committee continues to owe under this
21 lease?

22 A Correct.

23 THE COURT: Okay. Mr. Wirmani, if I have to shout so
24 that the Defendant can hear me, you have to shout so he can
25 hear you.

1 MR. WIRMANI: I can do that, Your Honor.

2 Q (By Mr. Wirmani) Now there was a lease-back commission of
3 approximately \$750,000. Can you describe to the Court, based
4 on your investigation, how that money was divided, why it came
5 about?

6 A The lease-back commission was worth \$750,000. It was
7 paid from a combination of Dallas County Schools in 2015
8 acquisitions which is Wedgewood DBA. It was paid to a company
9 called Anrock Realty. Anrock Realty is owned by
10 Slater Swartwood, Jr., who is an associate of Mr. Leonard and
11 an associate of Rick Sorrells. And the way that commission
12 was broken up was 250 stayed in Slater Swartwood's account,
13 \$250 went to Robert Leonard, and \$250 went to Rick Sorrells.

14 Q Now did -- Mr. Swartwood, did he represent Wedgewood with
15 respect to this lease-back transaction?

16 A No. Slater Swartwood represented a company called
17 Realterm Investments; Realterm NAT. I'm not sure of the exact
18 name, but they were the second option chosen by DCS.

19 Q So why was the commission paid to Mr. Swartwood?

20 A It was part of this scheme; that Robert Leonard believed
21 that Rick Sorrells was owed some money. Rick Sorrells did no
22 work on this sale lease-back, and so all three of them got a
23 cut of this.

24 Q Okay. And the \$250,000 you mentioned went back to
25 Mr. Sorrells, correct, the Superintendent of DCS?

1 A Yes.

2 Q Was Mr. Sorrells also the one that ultimately approved,
3 in conjunction with the Board, the lease transaction with
4 Wedgewood?

5 A I think it's safe to say that Rick Sorrells was the one
6 that brought this before the Board who typically followed the
7 direction of Dr. Sorrells, but ultimately it was the Board
8 President that signed that contract. But, yes, Rick Sorrells
9 did promote this for the Board.

10 Q Okay. So through Mr. Leonard, Mr. Sorrells effectively
11 received a kickback on a DCS transaction that he was in charge
12 of on the DCS side.

13 A Absolutely.

14 Q Now based on your investigation, were there subsequent
15 efforts to deal with this \$250,000 that was paid to
16 Mr. Sorrells? To attempt to conceal it?

17 A Yes. All three parties involved were concerned with how
18 the \$250,000 for each individual would be explained.
19 Initially, it was talked about as a loan or as a 1099, fees as
20 a contractor. Ultimately, it was -- you could say it was
21 rolled into the overall note, the falsified note that
22 Rick Sorrells had.

23 Q Okay. And based on your investigation, was that
24 consistent with other ways that the co-conspirators attempted
25 to conceal their criminal conduct?

1 A Yes.

2 Q I'm not sure we mentioned it, but what was the impetus?
3 Why would Dallas County Schools take a piece of land that they
4 owned free and clear, sell it, and then lease it back at a
5 substantially higher cost? What were they trying to
6 accomplish?

7 A Dallas County Schools had no cash at the time. This was
8 a way to influx cash into the agency. And the only reason
9 that they were out of cash at the time was due to this
10 stop-arm program.

11 Q Okay. So this was effectively a way to get cash to pay
12 for additional cameras pursuant to this criminal scheme.

13 A Yes. That money went into that account that directly
14 bought cameras as well.

15 Q There is \$300,000 in the PSR attributable to ELGA
16 financing fees. Can you tell the Court what that is?

17 A So ELGA is a company also owned by these same people who
18 owned Wedgewood Investments. They were a third-party
19 financier. So what they would do is whenever DCS needed to
20 purchase cameras, they didn't have the money on hand, so they
21 would finance these cameras through ELGA. ELGA would contract
22 with another bank who would release that money to RPI
23 Technologies which was a subsidiary of Force Multiplier
24 Solutions. And then ELGA would get paid a financing fee for
25 that.

1 Q So these were fees that DCS paid effectively to get
2 additional cameras.

3 A Yes.

4 Q There's \$200,000 in the PSR listed as Elf Marketing fees.
5 Can you tell the Court what's that attributable to?

6 A Elf Marketing is a company owned by Slater Swartwood, Jr.
7 He was an employee of Force Multiplier Solutions, and it is
8 our understanding that his role was to reach out to other
9 school districts to get them on board with this program that
10 was being run through DCS. Originally, Elf Marketing started
11 out working through or for Force Multiplier Solutions but then
12 once DCS purchased the licensing rights for the State of
13 Texas, they took on that expense from Force Multiplier
14 Solutions and paid Elf Marketing.

15 Q Okay. So these are expenses that DCS paid in an attempt
16 to spread the stop-arm program across the State of Texas
17 effectively.

18 A Yes.

19 Q And that would be pursuant to the licensing agreement
20 that DCS purchased from Force multiplier Solutions induced by
21 the bribe payments.

22 A Correct.

23 Q Okay. Let's move on to the issue of direct costs. Now
24 the cameras that Force Multiplier Solutions sold to DCS, did
25 it manufacture those cameras itself or did it purchase them

1 wholesale from a different party?

2 A They purchased them from a company called "ICTC" which
3 stands for "Interconnect Cable Technologies Company."

4 Q And pursuant to this investigation, have you obtained
5 bank records and other documents that allow you to estimate
6 the amount of costs that Force Multiplier Solutions paid to
7 get the cameras that they ultimately sold to DCS?

8 A Yes. I reviewed ---

9 THE COURT: I couldn't hear the last part of your
10 question. I don't have my Sametime -- realtime up here.

11 MR. WIRMANI: I got you, Your Honor.

12 Q (By Mr. Wirmani) It may be a better question: Do you
13 have an estimate, based on your investigation, of Force
14 Multiplier Solutions' direct costs, wholesale costs, on the
15 cameras that they ultimately sold to DCS?

16 A Yeah. What I added it up to be was a little over 8
17 million dollars paid to ICTC.

18 Q Okay. So not 28 million dollars.

19 A No.

20 THE COURT: Is that 8 million figure reduced in the
21 Presentence Report?

22 MR. WIRMANI: It is not.

23 THE COURT: Okay. All right.

24 MR. WIRMANI: I just want to make sure the
25 restitution judgment is ultimately accurate because it's a hot

1 button issue on appeal.

2 THE COURT: All right.

3 Q (By Mr. Wirmani) And finally, Mr. Stephenson, there's an
4 issue of wages that Force Multiplier Solutions paid to its
5 employees. Now based on your investigation, is there any way
6 to determine whether those employees were solely dedicated to
7 the contract between Force Multiplier Solutions and DCS or did
8 Force Multiplier Solutions have other clients that these
9 employees potentially were doing the work for?

10 A I'm not sure of the exact number of employees that worked
11 for Force Multiplier Solutions, but thinking on that issue,
12 the only way you would be able to find out is if you went and
13 interviewed every single employee and broke down the time that
14 they spent working on each different project; an extremely
15 arduous task.

16 Q So suffice it to say that based on your years of
17 investigation, you cannot say that these -- the wages to these
18 employees were direct costs as opposed to indirect costs that
19 benefited multiple clients with Force Multiplier Solutions.

20 A Correct.

21 MR. WIRMANI: I think I have nothing further at this
22 time, Your Honor.

23 THE COURT: So the Government's position is that the
24 137 million plus figure should be reduced by 8 million
25 dollars?

1 MR. WIRMANI: Correct, Your Honor.

2 THE COURT: All right. Thank you. Okay. Mr. Lewis?

3 MR. LEWIS: Thank you, Your Honor.

4 CROSS EXAMINATION

5 QUESTIONS MR. LEWIS:

6 Q Agent Stephenson, you and I know each other; correct?

7 A Yes, sir.

8 Q We've spoken on a number of occasions, right?

9 A Yes, sir.

10 Q All right. Regarding the sale lease-back, just briefly,
11 I'm going to go through this. You said that the -- the
12 purpose behind that was an infusion of cash for DCS because
13 they were broke at the time, correct?

14 A Correct.

15 Q Ultimately what happened was DCS put out an RFP, and that
16 was for approximately 18.7 million dollars, correct?

17 A Correct.

18 Q In fact, they ended up selling it for approximately 6
19 million dollars higher than the RFP.

20 A Correct.

21 Q Is that true?

22 Now through your investigation, did you learn that
23 there was an alternative purpose besides just the immediate
24 cash infusion?

25 A I did not.

1 Q Okay. Did you ever hear -- Well, let me lay the
2 foundation real quick. It's fair to say that DCS serviced a
3 number of school districts around the metroplex.

4 A Yes.

5 Q Do you know approximately how many?

6 A Over ten; not sure of the exact number.

7 Q So the school districts that it serviced, did DCS --
8 Well, first of all, did DCS own that land?

9 A It did.

10 Q They owned the land free and clear, correct?

11 A Yes.

12 Q At one point somebody from DCS went to the City
13 Attorney's Office to try to figure out if they could get a
14 mortgage on that property, correct?

15 A I'm not sure of that.

16 Q Okay. In essence, because DCS owned that property free
17 and clear, the benefit went to the various school districts
18 that DCS served because they didn't have any costs associated
19 with where they parked the bus; true?

20 A Yes.

21 Q DCS was not able -- Because they owned the land free and
22 clear, they were not able to create a line item for each of
23 the various school districts so that the various school
24 districts were actually having to pay to park the buses where
25 they were parked.

1 A Correct. There was no charge to anyone since they owned
2 that land.

3 Q Right. In doing a sale lease-back, the lease-back
4 portion required DCS to pay a lease for that land that they
5 had sold, that they previously owned, --

6 A Correct.

7 Q -- in order to continue using it.

8 A Yes.

9 Q Now since DCS had something they had to pay out for the
10 land, that then gave them the opportunity to create a line
11 item and charge the various school districts a portion of
12 money to park their vehicles on that land.

13 A Yes.

14 Q Do you know if that was ever implemented?

15 A If they passed that -- the expense on to the school
16 districts?

17 Q Yes, sir.

18 A I believe they have.

19 Q Okay. Now do you know -- I know we've heard all these
20 figures about what this was going to cost taxpayers in
21 perpetuity and that amount has been added to this restitution
22 figure. Do you know if the school districts actually paid any
23 money to park their buses there pursuant -- I mean after the
24 sale lease-back occurred?

25 A I'm not sure.

1 Q You don't know if that number has ever been calculated.

2 A Correct.

3 Q Okay. Do you know -- Did you know what the amount was,
4 the line item amount?

5 A I have seen numbers, but it would be hard. I can't
6 answer that confidently.

7 Q Okay. Now I believe that you told the Court that you
8 came up with a number. Let's move on now to the amount that
9 Force Multiplier paid in order to get the cameras, what
10 they -- what they paid the wholesaler.

11 A Correct.

12 Q And by the "cameras," we're not just talking cameras.
13 We're talking about the entire system, correct?

14 A Yes.

15 Q All right. Do you know how much they paid the
16 wholesaler?

17 A Force Multiplier?

18 Q Correct.

19 A I calculated somewhere in the -- about 8 million dollars;
20 approximately 8 million dollars.

21 Q I'm sorry. Let me ask a better question. Do you know
22 how much they paid per unit?

23 A I do not.

24 Q Now your calculation of the 8 million dollars comes from
25 a review of bank accounts?

1 A Yes.

2 Q Okay. Does it come from a review of checks or some other
3 payment form to the wholesaler?

4 A You know, someone has scheduled the accounts, and so
5 every time ICTC was paid out of a Force Multiplier account,
6 that's the -- that's the figures that I have counted up.

7 Q Okay. So you stated and it's fair to say that you don't
8 know what Force Multiplier was paying per unit, --

9 A Correct.

10 Q -- correct?

11 Do you know what Force Multiplier was charging DCS
12 per unit?

13 A Approximately \$10,000.

14 Q Were you aware that for the first 2000 units sold to DCS,
15 that they charged 8500 as opposed to \$10,000?

16 A I've seen different figures. At different times they're
17 charged different amounts. The average price was \$10,000 a
18 unit.

19 Q DCS not only bought cameras for DCS, they -- they bought
20 them for other school districts as well, correct?

21 A Correct.

22 Q Because at some point they purchased the licensing
23 agreement, and then they started selling these units across
24 the state.

25 A Correct.

1 Q So they -- they bought units for other school districts,
2 and they had some that were in their inventory because they
3 were -- they were continuing to push this product to other
4 school districts.

5 A Correct.

6 Q Do you know how many total units that DCS bought for
7 themselves and for sale to other school districts?

8 A I know that DCS had approximately 1600 buses in their
9 fleet. So any number over that would have been for other
10 school districts.

11 Q Because as you've told me and we know, DCS was trying to
12 put these units on all of the buses that they owned.

13 A Correct.

14 Q Okay. So we know that there's a minimum of 1600 or
15 thereabouts, but you don't know how many -- You know more than
16 that were purchased because some were purchased for other
17 school districts.

18 A Yes.

19 Q Okay.

20 MR. LEWIS: Your Honor, that's all I have for Agent
21 Stephenson right now.

22 THE COURT: Anything further, Mr. Wirmani?

23 (Witness started to leave the witness stand.)

24 MR. WIRMANI: Apparently not. No, Your Honor.

25 THE COURT: The witness doesn't get to decide that.

1 All right. Well, I don't -- Let me begin with the
2 \$4,020,000 that the defense claims are wages that the Court
3 should deduct. I'm not going do that because I haven't got
4 sufficient evidence to conclude that those wages are
5 attributable to this particular company.

6 MR. LEWIS: Your Honor, may I interrupt? We actually
7 have something to offer.

8 THE COURT: Okay. I thought you didn't. I asked you
9 what evidence you had to present. What do you have?

10 MR. LEWIS: Oh, no. I was -- And I spoke to
11 Mr. Wirmani, and I've got -- I've got figures, not that relate
12 to what you're going over now but what you're about to as far
13 as the number of units and that type of thing. And I can
14 either do a proffer or Mr. Leonard can testify to that.

15 THE COURT: Okay. I -- Maybe my question earlier was
16 not clear which was intended to find out if you were putting
17 on any evidence with respect to matters other than the
18 character of the Defendant. So I guess you're telling me now
19 you are.

20 MR. LEWIS: Well -- So -- I mean that's my fault,
21 Judge. I thought that Mr. Wirmani and I were talking ---

22 THE COURT: Okay. Let's just get on it with it.

23 MR. LEWIS: Sure.

24 THE COURT: If you're going to, what are you ---

25 MR. LEWIS: If it pleases the Court, can I do -- can

1 I do a proffer? I think that would be faster.

2 THE COURT: Well, I don't know whether you can do a
3 proffer or not. Who -- Who would be the witnesses here who
4 would testify?

5 MR. LEWIS: Mr. Leonard.

6 THE COURT: Okay. Well, I'm not -- That's not going
7 to cut it. I'm not going to let you proffer what Mr. Leonard,
8 the Defendant, would be saying without the Defendant being
9 subject to Cross Examination.

10 MR. LEWIS: That's no problem.

11 THE COURT: Okay. So ---

12 MR. LEWIS: I'll call Mr. Leonard briefly.

13 THE COURT: Okay. All right. Mr. Leonard, come on
14 up.

15 MR. LEWIS: Go up to the witness stand. I'm going to
16 ask you some questions about cameras. Watch your step.

17 THE COURT: All right. Mr. Leonard, come on up here;
18 stand in front of the court reporter, please. Raise your
19 right hand. Raise your right hand.

20 (The Defendant, ROBERT LEONARD, Is Sworn.)

21 THE COURT: All right. Do you waive your rights
22 under the Fifth Amendment not to testify?

23 THE DEFENDANT: Yes.

24 THE COURT: Okay. Have a seat.

25 MR. LEWIS: May I proceed, Your Honor?

1 THE COURT: Yes.

2 DIRECT EXAMINATION

3 QUESTIONS BY MR. LEWIS:

4 Q Mr. Leonard, briefly, we're going to ask the same
5 questions that we were talking about a while ago. The units
6 that went inside and outside the buses, you all purchased
7 those from a wholesaler?

8 A Yes.

9 Q How much did those units cost Force Multiplier?

10 A The entire package --

11 Q Yes.

12 A -- or individual pieces of it?

13 Q No. The entire package that you then sold to -- We're
14 going to talk about the entire package. How much did it cost?

15 A It costs approximately \$4700. It would change,
16 obviously, from time to time as the wholesaler would change
17 its prices but, generally speaking, about \$4700.

18 Q Okay. You would then sell those units to Dallas County
19 Schools, DCS; correct?

20 A Correct.

21 Q All right. How much did you sell those units to Dallas
22 County -- that unit, one unit, to Dallas County Schools?

23 A That kit?

24 Q The kit; yes, sir.

25 A The kit was sold to them for \$10,000 but a thousand of

1 the 10,000 was installation.

2 Q Okay. So they were \$9000 and then \$1000 was labor.

3 A Yes.

4 Q Okay. So \$10,000. How many units did Force Multiplier
5 sell to Dallas County Schools, both for their own use and for
6 them to sell to other school districts?

7 A The best -- Keep in mind we've sold the company, so we do
8 not have the computer records, but the best number that we
9 have is approximately 5200.

10 Q Okay. 5200 individual units.

11 A Kits.

12 Q I'm sorry; I call them "units;" kits. Is that right?

13 A Correct.

14 Q All right. Now you had told me that a certain number of
15 those units, that you didn't charge \$10,000 dollars, or kits;
16 you didn't charge \$10,000; you charged \$8500. Is that
17 correct?

18 A Yes, sir.

19 Q Okay. How many of those units that -- How many of those
20 kits -- Why do I keep saying "units"?

21 How many of those kits that were sold to DCS did you
22 sell for 8500?

23 A Approximately 2000. That was our initial in Dallas
24 County. And so we put the stop-arm system on there for no
25 expense to them.

1 Q I don't understand what that means.

2 A In other words, we -- we gave the stop-arm portion of the
3 kit for free.

4 Q Okay. And let me clarify that to the Court. The actual
5 stop-arm portion of the kit was \$1500.

6 A Correct.

7 Q So for the first 2000 kits, you gave DCS the benefit of
8 the stop-arm, that \$1500, without charging them --

9 A Correct.

10 Q -- for that.

11 Okay. But for the other 3200, they were charged for
12 the entire kit, including the stop-arm.

13 A Yes.

14 Q And that was \$10,000 for each kit.

15 A 9000, plus 1000 for installation.

16 MR. LEWIS: Okay. I'll pass the witness.

17 THE COURT: Cross Examination?

18 CROSS EXAMINATION

19 QUESTIONS BY MR. WIRMANI:

20 Q Mr. Leonard, how are you?

21 A Good to see you again.

22 Q Good to see you.

23 Did -- During this time period about 2011 -- During
24 the time period of 2011 to 2016, did Force Multiplier
25 Solutions have any other wholesalers of cameras besides ITH?

1 A You mean besides ICTC?

2 Q ICTC. I apologize.

3 A No, not that I'm aware of.

4 Q Okay.

5 A Now there could have been outside of my purview, but to
6 my knowledge, no.

7 Q So all you can tell the Court is that Force multiplier
8 Solutions purchased cameras from ICTC?

9 A ICTC predominantly, and I had done business with them
10 for, you know, 13 years or so.

11 Q And you testified on Direct that you believe
12 approximately 5200 camera units were purchased and then sold
13 to DCS?

14 A That's the number that we were able to -- to put together
15 from the material that was left behind after the sale.

16 Q Okay.

17 A Yes, sir.

18 Q That's an estimate based on incomplete records, and you
19 no longer have access to the complete set of records; correct?

20 A Correct, I do not.

21 Q And you said \$4700 was the wholesale cost that your
22 company would pay?

23 A Yeah. At that point in time, it ranged in that 4500 to
24 47, you know, 44, you know; right around that range.

25 Q And you don't have any reason to dispute that \$4700 times

1 5200 is about 24-and-a-half million dollars?

2 A Yeah, I guess.

3 Q Okay.

4 THE COURT: Now wait just a moment because I did that
5 math, too, but I didn't do it the way you did it. I thought
6 the cost was 4700.

7 MR. WIRMANI: That's correct.

8 THE DEFENDANT: That's correct.

9 THE COURT: So the profit is 4300.

10 MR. WIRMANI: I'm multiplying the cost to the company
11 times the number of camera units sold.

12 THE COURT: Yeah, okay. I just did the reverse of
13 what you did, but you can do it that way --

14 MR. WIRMANI: Okay.

15 THE COURT: -- as long as I know whether I'm adding
16 or subtracting.

17 Q (By Mr. Wirmani) And you listened to Agent Stephenson on
18 Direct, correct?

19 A I'm sorry; I didn't hear you.

20 Q You listened to Agent Stephenson on Direct --

21 A I did what direct?

22 Q -- Examination?

23 You listened to Agent Stephenson testify on Direct
24 Examination a few minutes ago?

25 A I think I did. I think I heard him.

1 Q And he talked about the process by which he came up with
2 the 8-million-dollar figure, correct?

3 A Yes.

4 Q Okay. Unlike you, he's not using an estimate based on
5 his memory and an incomplete set of records, correct?

6 A I don't know what he's using.

7 Q He's actually using the bank accounts of your company
8 from the relevant time period.

9 A Okay. So -- But we had already told you that we charged
10 8000 after the first 2000 orders, the first installation.

11 Q Okay. And, sir, you understand the issue here is not
12 what you charged Dallas County School. The issue is what you
13 paid the wholesaler. That's what we're trying to figure out.

14 A Right.

15 Q Okay.

16 A And what we paid the wholesaler, as I said, was
17 approximately 4500 bucks.

18 Q Okay. And you'd agree with me that if we have the
19 complete set of Force Multiplier Solutions' bank records
20 during the relevant time period, it wouldn't be that hard to
21 go back and look at those bank records and look at all of the
22 payments to ICTC; correct?

23 A That sounds reasonable to me.

24 Q Were there any payments that you would have made to ICTC
25 that weren't for cameras? That were for other services?

1 A Yeah. There were other parts, you know. For example,
2 you -- if you have a kit and the kit had a light bulb in it --
3 I'll pick something simple -- a light bulb in it, you know, we
4 would buy the light bulb separate. So we bought pieces,
5 parts. We bought modems. We bought other things from ICTC
6 and -- at a lot less, you know, at a lot lower number because
7 there was only one piece or one part, what have you. And of
8 that, the majority of it would most probably be modems.

9 Q Okay. And all of those other parts, modems, lights, is
10 that all included into what's ultimately sold to DCS in the
11 camera package for 10,000 or 8000 dollars?

12 A Well, that -- No. The 10,000 or 8000 dollars is a
13 complete kit. The pieces, parts and what have you were for
14 things that broke or things that they needed, you know, to
15 replace at some point in time.

16 Q Okay. So if we go back and look at those bank records
17 and we see about 8 million dollars going from your company to
18 ICTC during the relevant time period, you don't really have
19 any reason to dispute that, do you?

20 A To dispute ---

21 Q That there's about 8 million dollars paid from Force
22 Multiplier Solutions to ICTC -- excuse me -- between about
23 2011 and 2016.

24 A I wouldn't have paid ICTC 8 million dollars.

25 Q That is the company you were buying the cameras from, --

1 A Right.

2 Q -- the camera packets, correct?

3 A But that's the price that I charged DCS. That's not the
4 wholesale price that I bought it from ICTC.

5 Q No. I'm representing to you, sir, that we've looked at
6 the bank records from your company.

7 A Right.

8 Q We see about 8 million dollars during the relevant time
9 period going from your company to ICTC, correct? Do you
10 understand that?

11 A No.

12 Q Okay. Do you have any evidence to support the additional
13 -- the approximately 18 million dollars or 15 million dollars
14 that you're claiming you spent on cameras?

15 A I don't know.

16 Q Okay. Were you paying for cameras from some other
17 accounts outside of Force Multiplier Solutions?

18 A We -- We did -- We did business with one other
19 wholesaler, a local wholesaler in New Orleans.

20 Q Okay. For cameras for your New Orleans contracts or your
21 Dallas County Schools contract?

22 A Dallas.

23 Q Okay. And what's the name of that company?

24 A I don't remember off the top of my head what the name of
25 the company is. We ultimately stopped doing business with

1 them. Sorrells didn't like the company.

2 Q Did you pay that company an additional 15 million dollars
3 for cameras?

4 A Could have.

5 Q Okay. But you don't have any evidence. That's just
6 your ---

7 A I don't -- I don't know. I know that we did some
8 business with them. I don't know how much. I could attempt
9 to find out, obviously, but I don't have it off the top of my
10 head.

11 Q You don't have those records here in court today.

12 A Right.

13 MR. WIRMANI: I have nothing further at this time,
14 Your Honor.

15 THE COURT: All right. Anything further?

16 All right. You may step down, Mr. Leonard.

17 THE DEFENDANT: We're done?

18 THE COURT: Well, for this part.

19 THE DEFENDANT: Thank you.

20 THE COURT: All right. I'll hear argument. The
21 Court -- Before you interrupted me, Mr. Lewis, I was saying I
22 didn't have any evidence to substantiate the reduction of
23 wages attributable to the contract with Dallas County Schools.
24 And since I didn't hear any, I assume you're giving up on
25 that.

1 MR. LEWIS: Sure, Your Honor.

2 THE COURT: Okay. So that's \$4,020,211.38 that's in
3 your objections. The Court overrules that request for
4 modification.

5 I'll hear you. Is what you're advocating now that I
6 should do the calculation of cost of goods for the number of
7 units that were sold based on Mr. Leonard's recollection?

8 MR. LEWIS: Yes, Your Honor. It's -- You know, I
9 know Mr. Wirmani was asking for records, and, obviously, he
10 doesn't have them, and the company has been sold and a lot of
11 the records have been transferred to -- to the people that --
12 or to the company that purchased Force Multiplier.

13 The same thing with Agent Stephenson. Agent
14 Stephenson is testifying on his recollection of records.

15 THE COURT: I don't think he's -- I don't think
16 that's quite fair. I think he looked at the records and he's
17 testifying about what the records say.

18 Did I misunderstand that, Mr. Wirmani?

19 MR. WIRMANI: I believe he looked at the records
20 yesterday, Your Honor.

21 THE COURT: Yes. That's what I thought. And if your
22 complaint is that you don't have the records anymore, what you
23 needed to do was ask the Government to show them to you and
24 Mr. Leonard so that you could look at the records and make the
25 same argument in reverse that they're making, but they've got

1 the records.

2 MR. LEWIS: Okay. But they also are not aware of who
3 the other company is that Mr. Leonard did business with as far
4 as a wholesaler. They don't know -- I would think that they
5 would know how many units were sold. They're not disputing
6 the cost; the wholesale cost was somewhere between 44 and 4700
7 dollars. They're not disputing that they purchased those
8 units; at least 1600 of them. They know it's more than that
9 because they know that DCS was operating outside of Dallas.
10 They know that there was a certain number of units that were
11 still in inventory whenever -- whenever this case came to
12 light. So they know that the number far exceeds 1600. They
13 just don't know what that number is. So there is no dispute
14 over the 44 to 4700 dollars. The only dispute there is
15 potentially is how many units were sold to DCS.

16 So Mister -- Mr. Leonard says his recollection was or
17 is, based on doing a lot of business with DCS over a
18 significant period of time, was about 5200, and the Government
19 knows because they've also debriefed or Mr. Leonard has
20 debriefed with them six times and probably, I would say, more
21 than 20 hours; that he does have a recollection about these
22 types of things, and he has been able to -- to recite his
23 recollection about very specific business dealings with DCS.
24 So I do think that -- that this number comes with -- his --
25 his number and his recollection does come with some -- some

1 credibility as far as how much was sold to DCS.

2 THE COURT: All right. As I understand the testimony
3 I heard, the Government sees a line item paid out to the
4 supplier of the kits. It's 8 million dollars. Mr. Leonard
5 has a recollection of it being a larger figure, but it's all
6 based on his recollection. The Government's testimony is
7 that -- They have given me the total of amounts paid to camera
8 suppliers, and they only know of one. I don't know how to
9 reconcile what is a recollection based on what the books and
10 records show, and there's no mystery about this because your
11 respective positions are in documentation. And they've got
12 documents that your client and you, Mr. Lewis, could have
13 looked at and presented to the Court by requiring them to
14 bring them down here.

15 So what I've got is testimony about what the books
16 and records show on the one hand, and on the other hand, I
17 have Mr. Leonard talking to me about his recollection. "I
18 think we bought from some other company, but I don't know how
19 many units we bought." That's not the kind of thing that I
20 can use to make a calculation.

21 Mr. Wirmani, is the Government representing to the
22 Court that the 8 million dollars includes everything that the
23 Government believes is the cost for purchasing the kits from
24 whatever company during the relevant time period?

25 MR. WIRMANI: That's our best reasonable estimate,

1 Your Honor. Part of the problem here is the actual itemized
2 invoices aren't itemized. So it's almost impossible to go
3 back and figure out exactly how many cameras were purchased
4 during this time period. And we think the easiest way to do
5 this is to look at the bank account of Force Multiplier
6 Solutions and see how much it paid the wholesaler during the
7 relevant time period. I think the testimony from Mr. Leonard
8 was, "We only paid them for cameras or camera-related
9 equipment," and that seems to me to be a reasonable estimate
10 of the direct cost. And I'll remind the Court: They have the
11 burden on this issue, and we've really proved it for them.

12 THE COURT: Okay. Thank you.

13 All right. The objections are overruled, but the
14 Court, to the extent that the documents are not necessarily
15 completely reliable in calculating the amount and given that
16 the amounts we are dealing with, as I said at the beginning,
17 are in the world of the theoretical -- I've spent as much time
18 in the world of the theoretical as I care to -- the Court will
19 assume that the total amount is 125 million dollars.
20 Objection's noted on both sides.

21 All right. Any other objections that the Court has
22 not ruled on?

23 MR. LEWIS: I don't think so, Your Honor.

24 THE COURT: Okay.

25 MR. LEWIS: This was -- This was you going through

1 our objections to the PSR, correct?

2 THE COURT: I'm sorry?

3 MR. LEWIS: This was you going through our objections
4 to the PSR, is that true, with us?

5 THE COURT: I'm not following your question. I think
6 I have ruled on all of your objections, and I'm asking you if
7 you think I have not.

8 MR. LEWIS: No, no. I believe that you have.

9 THE COURT: Okay.

10 MR. LEWIS: I was just -- I was just confirming.

11 THE COURT: All right. Does the Government intend to
12 call any additional witnesses?

13 MR. WIRMANI: No, Your Honor.

14 THE COURT: Okay. All right. Then I'll hear from
15 the Defense. You may call your witnesses, and I'll hear from
16 Mr. Leonard after you do that.

17 MR. LEWIS: Thank you, Your Honor.

18 Your Honor, I would first like to call Liz Michener,
19 M-I-C-H-E-N-E-R.

20 THE COURT: All right. If these are character
21 witnesses, it's not the Court's practice to put witnesses
22 under oath for character testimony.

23 MR. LEWIS: Yes, Your Honor.

24 THE COURT: All right. Ms. Michener, you may stand
25 right there and talk to me.

1 LIZ MICHENER: Okay. Hi, Your Honor. My name is
2 Liz Michener. I have worked for Mr. Leonard's company for the
3 past 11 years and have worked directly under Mr. Leonard for
4 the past 8 years. I started with the company when it was a
5 small start-up company; only in Louisiana; only a few
6 employees.

7 Mr. Leonard was very passionate about child safety.
8 Seeing videos and hearing accounts of abuse and the
9 molestation that happens on school buses would bring tears to
10 his eyes. He was determined to help create a product that
11 would make school buses safer and deter that behavior. The
12 product that he created gave school districts realtime access
13 to view the interior of the bus, realtime GPS and vehicle
14 tracking of the bus, and provided two-way communication with
15 the driver. I believe that these products and services that
16 the company provided are much needed, and I was very proud to
17 work for the company.

18 I started out as a receptionist, and Mr. Leonard saw
19 that I had more potential and started giving me greater
20 responsibilities within the company, and he eventually made me
21 his Executive Assistant. Mr. Leonard was very loyal to his
22 employees and always tried to promote from within and help his
23 employees reach a higher level. Mr. Leonard was a tough boss.
24 He expected nothing but your best. Everyone in the company
25 put in long hours, and it was a lot of hard work, but the end

1 result was a state-of-the-art product that protects children.

2 He always strived to inspire greatness. He was a
3 boss that you could go to with a problem and he would help to
4 find a solution. I grew professionally and I learned a lot
5 from his leadership. The company grew tremendously under his
6 management. It had contracts with school districts in seven
7 states, had multiple offices, and at one point had over 125
8 employees.

9 Mr. Leonard was always very compassionate and
10 understood the importance of family. I had two children while
11 working for Mr. Leonard's company. He was very generous and
12 gave me all of the time that I needed to stay home and take
13 care of my children. He allowed me to work from home when he
14 was traveling or out of the office. I worked hard for
15 Mr. Leonard and the company, but he always made sure that I
16 had made my family my first priority.

17 When Mr. Leonard moved back to Louisiana, we started
18 working from his home because of his health issues. Over the
19 years I've known him, Mr. Leonard's medical conditions have
20 worsened dramatically. He stopped coming into the office, and
21 he struggled to work through the pain. He was unable to sit
22 at a desk all day and had trouble focusing. Mr. Leonard was
23 forced to sell the company at the end of 2017.

24 Not a conversation goes by that he doesn't express
25 his embarrassment or remorse. Because of his mistakes, he has

1 lost his company, business connections and acquaintances and
2 many great friends. He's sincerely apologizes to me every
3 time I see him for letting me down.

4 Just hearing stories about his past, I believe that
5 Mr. Leonard has overcome many obstacles and has accomplished
6 great things. Mr. Leonard is a dreamer and an inventor. He
7 is always trying to come up with new products or ways to make
8 our world better.

9 Since I've known him, he has talked about starting a
10 nonprofit called "A Moment In Time For The Salvation Of
11 Mankind" to create positive energy throughout the universe.
12 Whether it is starting "A Moment In Time" or another venture,
13 I have no doubt in my mind that Mr. Leonard will continue to
14 do great things in the future, and I look forward to seeing
15 what he will bring to fruition next.

16 THE COURT: Thank you, Ms. Michener.

17 All right. Call your next witness.

18 MR. LEWIS: Your Honor, we'd like to call
19 Nicole Leonard, his daughter.

20 THE COURT: Okay.

21 NICOLE LEONARD: Hi, Your Honor. Thank you for your
22 time. My name is Nicole Leonard, and I'm Robert Leonard's
23 daughter.

24 I know coming from a daughter's perspective, it's no
25 surprise that I stand before you giving details of the best

1 part of my dad and his love for our family. It's hard to give
2 witness or testimony on your father's life in a few brief
3 minutes, but I'm going to try to do my best.

4 Sorry.

5 Through hard work and determination, I watched my dad
6 make sacrifices in order to send us to Christian schools and
7 raise us with the right principles and values. He let those
8 values and principles down when he spent so many -- Geez, I'm
9 sorry.

10 THE COURT: Just take your -- Take time as you need.
11 There's some tissues on the table there.

12 NICOLE LEONARD: I swore I wouldn't do this. I'm
13 sorry.

14 THE COURT: It happens. Take some water, if you
15 like. If you need a minute, take it.

16 NICOLE LEONARD: He let those values and principles
17 down when he spent -- which he spent so many years instilling
18 in us. When I say "us," I'm referring to me and my brother,
19 Jason. Unfortunately, due to a tragic car accident, he's no
20 longer with us. His death has forever changed us. I know if
21 Jason was still here, he'd be right alongside me speaking on
22 my dad's behalf as well.

23 I also know my dad feels as though he has let us all
24 down. I know he's embarrassed and ashamed. My dad's words to
25 me directly were, "This is not the dad you've known; not the

1 dad I am. I'm embarrassed, ashamed, and mortified."

2 However, in light of the depiction of my dad in
3 relation to this case, I would like to define him in the eyes
4 of the people who love him.

5 I remember the time my dad took our childhood friend
6 into our home, fed him, clothed him, and gave him money
7 because he had nobody who cared for him.

8 The dad that I know walked down the streets of
9 New York, passed a homeless woman who was beating the ground
10 out of pain from the cold of winter, and while everyone else
11 walked by, my dad stopped to talk to her. He then proceeded
12 to buy her a sweatshirt from a vendor and gave her money for
13 food.

14 Although my dad wasn't fortunate enough to have the
15 upbringing he would have liked, he still managed to develop a
16 compassion that we all witnessed on many occasions over the
17 years, given the lack of love and compassion he received.

18 He forged ahead through life determined to be a
19 successful man in both his business and personal life. He
20 achieved both and, prior to today, has never had any
21 improprieties. He strived to live his life as a respectable
22 man in his community and a pillar of strength to our family.
23 I know with his age and medical issues, it has hindered him,
24 and I've watched him deteriorate which has affected not only
25 his quality of life but has changed him as a person.

1 He is a father, a grandfather, and a husband to us.
2 The thought of him being taken away from us is unfathomable.
3 I appreciate your consideration or impact this may have had on
4 his story in your decision. Thank you.

5 THE COURT: All right. Thank you.

6 MR. LEWIS: And finally, Your Honor, his wife, Linda.

7 LINDA LEONARD: Hi, Your Honor. How are you?

8 My name is Linda Leonard. I'm Robert Leonard's
9 ex-wife. I have known Bob for 20 years. I was married to him
10 for 12. We have been through a lot together, including
11 Hurricane Katrina and serious health issues. I took care of
12 him after his bypass surgery. He had four back surgeries. I
13 have a diseased colon, and he has been -- I've been
14 hospitalized twice for a long length of time, and he's been by
15 my side ever since.

16 I'm sorry.

17 When I was in the hospital, he never left my side.
18 He was a great caregiver, and I probably would have died
19 without him. Bob was a businessman and was always working to
20 provide for us. He took great pride of his work -- of his
21 work & company, and Bob has had -- has had our -- problems
22 through our years that ultimately ended in divorce.

23 I'm not happy about what he did, but I have forgiven
24 him, and I know that in his heart he's truly sorry. He is
25 such a kind hearted and generous person, I still love him, and

1 I don't know what I'd do if I didn't have him in my life.

2 THE COURT: Thank you.

3 LINDA LEONARD: Thank you.

4 THE COURT: Is that it?

5 MR. LEWIS: Yes.

6 THE COURT: Okay. All right. Mr. Leonard, come on
7 up.

8 Do you want to address the Court, Mr. Lewis, before I
9 hear from Mr. Leonard or do you want Mr. Leonard to speak to
10 me first, as you prefer?

11 MR. LEWIS: Your Honor, I'll let him go ahead and
12 speak.

13 THE COURT: All right. Mr. Leonard, you have the
14 right to speak to me on any matter that you wish before I
15 sentence you. So this is the time for you to take advantage
16 of that.

17 THE DEFENDANT: I'm a little emotional at the moment.
18 I think there's only been two times in my life which you can
19 imagine; going to work at age 9, over that period of time.
20 I'm 71 now. I've given multiple talks. There's only been two
21 that I didn't know what to say or how to say it. The first
22 one was when my son died. I couldn't come up with any words
23 to bring him back; couldn't come up with any words to heal my
24 family and friends. All I could do is hope that we could get
25 on the other side of it by reflecting on the celebration of

1 his life.

2 The only other time that I've ever had a hard time
3 coming up with the right words is this one. I don't know how
4 to say you're sorry to people that you've affected, their
5 jobs. I don't know how to say you're sorry for bringing a
6 system into a state with great intentions of saving lives and
7 keeping kids from committing suicide, keeping children from
8 getting raped on buses, keeping children from having -- being
9 forced to sell drugs and -- and other things, helping the
10 school districts save money through having evidence that they
11 could rely on in the event that there was a problem.

12 And instead of that, I ended up here like this.
13 Instead of helping the state and helping the community saving
14 lives and saving families, I stand here as a criminal, and I
15 accept full responsibility for my actions. I am heartily
16 sorry and wish that I could, as I wish I could bring my son
17 back, help and reinstate those people to the quality of life
18 that I quite possibly affected in my part of this case.

19 I apologize to the Court. I apologize to the City of
20 Dallas, Dallas County and any of those that have been affected
21 by my actions. I'm sincerely sorry.

22 THE COURT: All right. Thank you. All right.
23 Mr. Lewis?

24 MR. LEWIS: Your Honor, would you like Mr. Leonard to
25 stay up here?

1 THE COURT: If you can, Mr. Leonard; that's
2 preferable. If your health situation requires that you sit
3 down, then we'll get you a chair and you'll sit right next to
4 the lectern.

5 MR. LEWIS: Can you stand? Are you okay standing
6 here.

7 THE DEFENDANT: I can stand.

8 THE COURT: All right. If you need, we'll pull up a
9 chair and you can put up a chair right next to the lectern as
10 you prefer.

11 THE DEFENDANT: It's okay.

12 THE COURT: All right. If you need one, pull it up
13 as we go.

14 All right. Go ahead, Mr. Lewis.

15 MR. LEWIS: Your Honor, I'll try to briefly put this
16 together from our perspective. It's -- I mean it's --
17 Obviously, with any type of white collar crime or bribery or
18 kickback scheme, I mean the first thing that we all see is --
19 is the greed and the greed that motivates it, and the greed
20 for more and for money and that type of thing, and I've really
21 tried to understand. I mean there was no doubt from very
22 early on that Bob Leonard was going to plead "guilty" to this
23 offense, but I've -- I've kind of tried to understand how he
24 got here.

25 Mr. Leonard, from very early on, I mean when the

1 agents showed up at his house to execute a search warrant, he
2 didn't know it was coming. He waived his *Miranda* rights and
3 spoke to the agents and gave them some information.

4 He then had a lawyer in New Orleans come to his house
5 and spoke with him for a while, and he gave more information
6 to the agents. Then when -- after he had hired me and we had
7 talked for a while and he made the decision that he wanted to
8 cooperate, he went all in, and he didn't equivocate. He told
9 what his part was. He told what the roles of others were.

10 So in trying to prepare today and trying to
11 understand this, what I know is this: That Mr. Leonard's been
12 a successful law-abiding businessman, citizen, person for the
13 first sixty-something years of his life. I know I put it in
14 the sentencing memo; he had a very difficult upbringing.
15 His -- His father was a police officer who turned criminal and
16 ended up dying in prison. He was raised in Section 8 housing.
17 And if you talk to Bob very long, what you figure out is he's
18 really got a heart for people and those that are less
19 fortunate.

20 When his son was 21 years old, he was killed in a
21 traffic accident, and Bob was friends at the time with the --
22 or became friends with the Sheriff of Jefferson Parish in
23 Louisiana who started talking to Bob about all the problems
24 they were having on school buses. He said, "To be honest, the
25 problems aren't really outside the school buses; the problems

1 are inside the school buses. This is where we have most of
2 the crimes and the violence and the issues." And through
3 speaking with the Sheriff, Bob is entrepreneurial. He's a
4 salesperson. You can tell it about his personality. And he
5 wanted -- His primary goal in all of this was he wanted to do
6 something with his life's work that made other people's lives
7 better. And something he said, I will translate in a second,
8 but, you know, part of his disdain right now and the reason
9 he's upset is because his actions, what was meant for good and
10 to be -- to be his life work in really giving back and trying
11 to preserve families and doing this type of thing, his actions
12 caused the demise of it all.

13 Bob's idea was -- for DCS and these other school
14 districts was essentially a security system, realtime security
15 system inside the buses. The stop-arm and the cameras,
16 obviously, people speed by buses and that type of thing. That
17 was just the means that would pay for the system inside the
18 school buses and would pay for the operation of the system.
19 It would also create a safer environment, but what everyone
20 was concerned about is making sure that kids could get to
21 school and from school without experiencing crimes within the
22 confines of a school bus when you only have a bus driver to
23 try to patrol it all.

24 I don't think that we've heard throughout the course
25 of the investigation that the other school districts that they

1 serviced around the country, that there was any impropriety
2 whatsoever. I think it was unique to Dallas.

3 I don't think that this was just a Bob Leonard
4 problem. I think that -- I think conspiracies like this, they
5 are, by the very nature, kind of co-dependent relationships.
6 It requires culpability on lots of different parts.

7 The thing that's interesting about this is he didn't
8 -- he didn't bribe people or he didn't provide kickbacks in
9 order to get the business. He got it legitimately, and what's
10 so hard to understand about this is why they started in the
11 first place. I understand the theories, but there's not a
12 really definable *quid pro quo* except for this just stream of
13 benefits and knowing that his program is going to be
14 successful because he's essentially given the decision makers
15 what they want.

16 The way this program happened was in 2008 or so,
17 Bob -- 2008, 2009, Bob came forward and pitched the idea of
18 this system to Dallas County Schools. There was then two or
19 three years of a pilot program and an RFP and all of that, and
20 there were no bribes and kickbacks during that period of time.

21 There were a couple of companies that submitted RFPs
22 or submitted bids. Bob, his company, won it because he had
23 the best system, and he was the only one -- his company was
24 the only company that could do what Dallas County needed.

25 But at some point in 2011, he and Rick Sorrells by

1 that time had become very good friends. Bob will tell you
2 that he looked at Rick Sorrells as a brother. This was before
3 any bribe or kickback had ever been paid. I think he felt
4 that Rick Sorrells worked hard and was not paid enough for the
5 work that he did on behalf of DCS. He knew that Rick Sorrells
6 had four kids, and I think at least two off them were going
7 through college and he was financially strapped, and Bob
8 started giving him money. And that was the beginning of the
9 end because it never stopped. Every time Rick Sorrells had a
10 need, Bob was there to provide for the need.

11 I think Bob tried to justify it by saying, "We're
12 going to go in business after this. This is a loan; this will
13 be paid back; Rick Sorrells' family has one of the oldest real
14 estate companies in Dallas," and I think Bob went through
15 these justifications in his mind.

16 And then there was Rick Duncan -- I mean -- I'm
17 sorry -- then there was Larry Duncan, and Larry Duncan told
18 him, "These are the people on the City Council that you need
19 to pay. These are the people that we need to support their
20 campaign. It's important if your program is going to be
21 successful that you support their campaigns," and he did what
22 he was asked to do.

23 Dwaine Caraway came to him. I think in some of the
24 materials it says that Dwaine Caraway would call him every
25 single day. Every time Dwaine Caraway had a financial need,

1 he would come to Bob. Now that's not just a Dwaine Caraway
2 and Larry Duncan and Rick Sorrells problem; it's a Bob Leonard
3 problem, too, because they knew that they had access to him;
4 he knew he had access to them. They had a financial need and
5 he provided it.

6 So I think that even the first time the agents came
7 and they executed the search warrant and they talked to
8 Bob Leonard, I think he had a hard time understanding what he
9 did was unlawful until the agents explained it to him. I
10 think it's in the PSR that he said, you know, "I felt like
11 what I was doing was probably, with the public officials,
12 unethical; I don't think I realized at the time it was
13 unlawful," but he realizes it now, and he realized it from the
14 day that the FBI agents showed it to him from a different
15 perspective.

16 And the one thing that -- Every time he talks about
17 it, Your Honor, he -- he -- I mean I think what Linda said and
18 what Liz said is true. He's very emotional about it. And,
19 you know, a lot of times in sentencings you have defendants up
20 here that are so upset with the prospect that they're going to
21 be incarcerated or, you know, they're just trying to save
22 their bacon. I think what Bob is most upset about is two
23 things.

24 Number one, although he and Linda are divorced, they
25 take care of each other. They both have had a significant

1 amount of health issues that we provided to the Court within a
2 short period of time. We're not talking about this has
3 happened ten years ago. We're talking about right now. I
4 think they rely on each other for support, and I think that
5 Bob -- I know that Bob is afraid that if he's separated from
6 Linda, it's going to -- it's going to have an extremely bad
7 impact on her mental and especially physical well-being.

8 And the number two thing is the program itself. He
9 told me yesterday, and this is the part that I will translate;
10 he referenced it in his allocution. He knows and I think
11 everyone knows that this is a good and righteous and very good
12 program, this stop-arm camera program if it is done the right
13 way. He knows it was not done the right way, and he feels
14 responsible for it. And since, obviously, DCS has been
15 dissolved, there is no camera program in Dallas. Bob feels
16 like -- that he has let down the people in the communities
17 that DCS served. He feels like if there are things that occur
18 on buses, if there's kids that are hurt because people blast
19 by school buses, if there's no repercussions, there's no
20 reason for them to stop. If somebody gets hurt, Bob Leonard
21 feels like the blood is on his hands because if he would have
22 just done it the right way, then DCS would still be solvent.
23 They would still be around, and the kids and the school
24 districts that DCS served would have the peace of mind and the
25 parents would have the peace of mind that things are safe on

1 the school buses and things are safe around the school buses.
2 And I think those are the two things that are most perplexing
3 to him and about his conduct and to me as well. He has stated
4 many times that he's ashamed. He knows he did wrong. He
5 wishes he could change it, which he can't, and he's absolutely
6 mortified.

7 I know you have to sentence him, and the Court is
8 going to do -- and I'm not -- you know, there's a 10-year cap
9 on this case. It would have been a 20-year case. A 20-year
10 -- 20 years would have been a life sentence, no doubt. He's
11 71 years old, and he's in bad health. A 10-year cap, a
12 10-year sentence, I mean we can probably say with a certain
13 amount of certainty that there's a good chance that could be a
14 life sentence for Bob.

15 The Government -- I mean I've had three-level
16 reductions in other cases where defendants did significantly
17 less with the Government, and I know that you read the
18 Government's 5K1 motion. You're familiar and have already
19 done a sentencing in this case, but they've asked for a
20 three-level. We are appreciative that they filed a 5K1. Bob
21 has been of substantial assistance to the Government. He
22 has -- I think there were some other things that he tried to
23 go over and above with that didn't come to fruition that the
24 Government referenced in the 5K1 motion, and I'd just ask you
25 to consider all of those things. I think all of those things

1 are pertinent under 3553. I think his -- his health, his age,
2 his cooperation, but, obviously, also the crime that he
3 committed is a consideration as well.

4 So, Your Honor, I'm not going to propose anything.
5 You are certainly in the best situation to determine what the
6 appropriate sentence is for this case, and -- and we will
7 defer to you.

8 THE COURT: All right. Thank you.

9 All right. I'll hear from you Mr. Wirmani.

10 MR. WIRMANI: Your Honor, if this case had never been
11 about the merits of the stop-arm program -- I've had repeated
12 conversation with all of these defendants about that -- it may
13 be a good idea; it may not be. I think it had a lot of goals.
14 I've never doubted that these defendants wanted to help kids,
15 but at the end of the day, while they were doing that, they
16 were also helping themselves.

17 The Court's familiar with the general parameters of
18 this scheme. From the best I can tell, this is the largest
19 domestic public corruption case involving public officials
20 possibly in history. I can't find any case that involves four
21 million dollars of bribe payments to public officials. This
22 scheme is extensive. It lasted for six years. The loss is
23 just laughable. We're talking about it, being theoretical,
24 125 million, 70 million. That money's never coming back in
25 any approximation to what's really owed.

1 You know, I deal with this a lot with white collar
2 defendants where they say, "Now that you've explained it to
3 me, I see what did I was wrong," but the reality is if you
4 look at the facts of what actually happened here, all of these
5 bribe payments were funneled through shell companies. The
6 clear purpose of that is to conceal and disguise what they're
7 doing. They have consulting agreements that are later
8 transferred to loan payments. There's checks that Mr. Leonard
9 wrote to Dwaine Caraway, the cash for the Buck & Ruck that say
10 "loan" in the "By" line. So while they may not wrap their
11 heads around it while they're doing it completely, I think
12 it's fair to say they know that what they're doing is wrong.

13 The PSR, I think, correctly identifies Mr. Leonard as
14 a leader/organizer of the scheme. I think in cases like this,
15 it's very important that we hold the bribe payers accountable
16 just like we do the bribe recipients. You know, there's
17 arguments that public officials owe a higher duty to the
18 public and I understand those arguments, but at the end of the
19 day, public officials aren't corrupted by these sort of
20 bribery schemes without the vendors and the businessmen that
21 are willing to get in bed with them and make these types of
22 payments.

23 We did file a motion that the Court has granted.
24 Mr. Leonard did assist the Government. I think I've laid that
25 out accurately in the motion. I think it's difficult in a

1 case like this when you have multiple cooperators. I think
2 the Government needs to try to be fair amongst all the
3 defendants, and I think the Court needs to be fair amongst all
4 the defendants on how it comes out in terms of sentencing. We
5 think the guideline range accurately reflects where
6 Mr. Leonard falls in this scheme. I can certainly see the
7 Court going to the lower end of the guidelines, given
8 Mr. Leonard's age and health, but we ask for a guideline
9 sentence.

10 THE COURT: All right. Thank you.

11 Well, let me begin by saying that the Court has
12 discretion within the range of what has been agreed to by the
13 Government. When the Court accepts a Plea Agreement that
14 provides a cap, then the Court cannot exceed the cap. This
15 was -- would have been a 20-year case under the guidelines and
16 now the maximum is 10. So when the Court responds to an
17 argument that the 5K motion is a little penurious -- that is
18 the way I took your argument -- I hear you. I'm taking your
19 argument at face value, but this case started as a 20 and,
20 through a decision of the Government, it became a 10. So the
21 Defendant has received a substantial benefit already which,
22 although it doesn't preclude an additional motion for
23 cooperation, the Government, in fact, has filed it. The Court
24 made note of it when accepting these pleas in the first place
25 that there was a substantial reduction, and I'm paying

1 attention to that because the guidelines in this case would
2 have been substantially higher.

3 I want to make a couple of observations, some of
4 which Mr. Wirmani made and some he did not.

5 I'm going to begin with Mr. Leonard's upbringing.
6 It's fair to say, as you did, Mr. Lewis, that Mr. Leonard had
7 a very difficult upbringing, a very difficult situation with
8 his father. Thank the good Lord for his stepmother. His
9 father was a recurring figure in his life for a long time;
10 took him out of a stable situation, kept coming back like a
11 bad penny or worse, and then died. Mr. Leonard overcame that
12 very difficult beginning and for that, he deserves credit.

13 He took the tragedy involving the loss of his son and
14 turned it into a business that had the potential to make a
15 good living for him and his family and to save children from
16 injury at the same time, and that's another thing that he did
17 in his life that showed a tenacity and a strength that are
18 commendable.

19 But then here we are, a person with those strengths,
20 with some fundamental precepts that he passed on presumably to
21 both of his children, which his daughter Nicole has
22 articulated today, and then for whatever reason there might
23 be, turned his back on all of that.

24 This is a shameful story, and I will say what I had
25 said before, some of which gets reported and some of which

1 doesn't. The Court takes the cases as the Court finds them.
2 When I have a person who's charged with tax evasion, I
3 sentence them for tax evasion. This is not a tax evasion
4 case. This is a bribery case on a services fraud where
5 Mr. Leonard indisputably paid a substantial amount of bribes
6 to Mr. Sorrells and Mr. Caraway for his own business purposes.
7 And whether this was a good idea or not a good idea, it
8 started the ball rolling down the hill and now the whole
9 enterprise is a disaster. It's over and done to the great
10 loss of the taxpayers, the community and countless employees
11 of Dallas County Schools, and Mr. Leonard is right smack in
12 the middle of it. Why he felt the need to do it, I don't
13 know.

14 This notion that Mr. Sorrells was his brother, he's
15 his brother in crime. If he thinks of him as his brother
16 beyond that, I don't understand that kind of relationship with
17 a sibling that would turn a person, who led an honest,
18 law-abiding life, overcame some substantial hurdles and
19 deserves commendation for that, and then sank to the very
20 depths of becoming a person that turned his back on all of
21 that to the great loss of our community and his own family.

22 If you ask me if I feel sorry for Linda, your ex-wife
23 with whom you live and who has supported you in countless
24 ways, particularly in your health and you -- her -- and soon
25 that will come to a horrible end because you will not be there

1 for her and she will not be there for you, and that is the
2 result of your very poor choices.

3 The problem is that people who did not make these bad
4 choices pay the price, and that is every day that I sit up
5 here and send people to prison because their families are
6 victims, too. And that is, oh, so sad, and I don't mean that
7 in a cheap way; I mean that in a most sincere way. Family
8 members who hold their family members to the highest standard
9 when they are disappointed, it's more than disappointment; it
10 is a fundamental change in the rest of their lives. And the
11 only way I can sleep at night is to know that I am not the
12 cause of that having happened.

13 So, Mr. Leonard, I give you credit where credit is
14 due. You had a good idea, but the execution and what happened
15 afterwards makes that good idea pale by comparison. This is a
16 shameful episode in our community. To the extent there were
17 good investigators in the public who discovered this scheme,
18 then kudos to them and to the investigators who found it, but
19 we can't put Humpty-Dumpty back together again. The
20 enterprise is over and done. To the extent that was a good
21 idea, it will not, at least in the short run, come to fruition
22 at all. And whether the Dallas County Schools bore some
23 responsibility in the execution of this program doesn't matter
24 today. What we're about is what was a fraudulent scheme to
25 pay off public officials. And I will echo what Mr. Wirmani

1 said. It just doesn't meet the "smell" test to say, "I
2 thought everything was okay," when these payments are going
3 through this convoluted course through made-up companies and
4 false consulting agreements and the like to conceal what was
5 actually being done. And as the investigation got closer and
6 closer, the cover-up got worse and worse. And I can't look at
7 all of that -- and I have looked at all of that -- and
8 conclude that this was just some, "Well, wink and nod; maybe
9 this isn't completely correct, but it's certainly not
10 illegal." That is completely inconsistent with the way that
11 those involved in this scheme treated it.

12 In terms of what the Government has told me about
13 your assistance, I'm giving the credit that the Government
14 recommended, and I think that the extent to which the
15 Government reduced your exposure in the first place
16 appropriately rewards the rest of it.

17 So the Court, in determining the appropriate
18 sentence, is to consider all the factors under 18
19 United States Code section 3553(a) in determining what is an
20 appropriate sentence.

21 I begin with the nature and circumstances of the
22 offense; very serious. You do not have a criminal history but
23 in one sense, your turning to this, when you didn't, makes it
24 even worse because you knew what right conduct was and you
25 engaged in wrong conduct.

1 Next, the need for the sentence imposed to reflect
2 the seriousness of the offense and to promote respect for the
3 law and to justly punish you, in the Court's views that's most
4 of what this case was about. This is an extremely serious
5 offense. The public needs to know that the law does not abide
6 this kind of conduct, and the Court needs to fashion a just
7 punishment.

8 Next, to deter criminal conduct by others. That also
9 is a significant factor that the Court is considering.

10 In terms of protection of the public from you, I
11 don't think that is a significant factor, given your age and
12 your health. So that is not a significant factor in the
13 Court's determination.

14 Next, protecting -- excuse me -- providing you with
15 needed educational or vocational training or medical care.
16 Obviously, you have a host of very serious medical conditions.
17 In the 19 years I have been doing this job, Mr. Leonard, the
18 age of defendants I have seen has gotten older and older, and
19 the Bureau of Prisons, unfortunately, has had to have a lot of
20 schooling on how to deal with older inmates because they have
21 a lot of older inmates. I've -- I had people who have gone to
22 prison who need dialysis and the like. Unfortunately, they've
23 had to learn how to deal with health conditions that are
24 similar to yours.

25 It's just not going to be the case, Mr. Leonard; in

1 case you have been thinking that I'm going to send you home to
2 Linda's good care, I'm not. This case deserves a serious term
3 of imprisonment, and that is what I'm going to impose.

4 Considering all of the factors that the Court has
5 enumerated and in light of the testimony that the Court has
6 heard, the Court's determination is that an appropriate
7 sentence and the sentence the Court imposes is 84 months in
8 custody.

9 You have requested that the Court defer your
10 reporting date until July the 19th. Is there any objection to
11 that?

12 MR. WIRMANI: I have no objection, Your Honor.

13 THE COURT: All right. The Court will -- Is that --
14 What day is that, Amanda?

15 COURTROOM DEPUTY: It's a Friday.

16 THE COURT: I'll do it to the following Tuesday which
17 is the 23rd?

18 COURTROOM DEPUTY: Yes.

19 THE COURT: All right. I'll make it July the 23rd,
20 the preferred date for reporting. It's a Tuesday. So it will
21 be July the 23rd.

22 Now, Mr. Leonard, I'm going to come back to this
23 later, but you do not have a right for me not to take you into
24 custody today. That is a privilege that I'm extending to you.

25 I am confident that you will abide by all local,

1 state and federal laws and ordinances and that you will comply
2 with all requests of the Probation Office. You are required,
3 before you leave today, to go up to the Marshals Office to be
4 processed. If you violate the law in any way between now and
5 July the 23rd, 2019, that will come to my attention, and I
6 will take you into custody immediately. Do you understand
7 that?

8 THE DEFENDANT: Yes, ma'am.

9 THE COURT: All right. The Court has determined that
10 you are required to make mandatory victims restitution
11 according to the Mandatory Victim Restitution Act of 1996 in
12 the amount of 125 million dollars, to be paid -- That is not
13 jointly and severally with Mr. Caraway in that amount, is it?

14 MR. WIRMANI: I believe it should be jointly and
15 severally with Mr. Sorrells.

16 THE COURT: I do have Mr. Sorrells, but -- excuse me
17 -- I don't remember the amount as to which that would be joint
18 and several with Mr. Caraway. I will provide for that in the
19 judgment. That will be jointly and severally with
20 Mr. Sorrells, but that is subject to Mr. Sorrells being able
21 to object to the amount, if he wishes to do so. This cannot
22 be binding on him since he's not here. I don't remember the
23 restitution amount for Mr. Caraway, but the judgment will
24 reflect that whatever the restitution amount I provided for
25 him will be jointly and severally with you, Mr. Leonard.

1 That will be made payable to the United States
2 District Clerk at 1100 Commerce Street, Room 1452, Dallas,
3 Texas 75242. Restitution will be payable immediately with any
4 unpaid balance payable during incarceration. Restitution will
5 be dispersed to the Dissolution Committee for the Former Board
6 of Trustees of the Dallas County Schools in the amount of 125
7 million dollars. The reference will be: Robert Carl Leonard,
8 Jr.

9 If upon commencement of the term of supervised
10 release any part of the restitution remains unpaid, which it
11 certainly will be, Mr. Leonard is required to make payments on
12 the unpaid balance in monthly installments of not less than
13 ten percent of his gross monthly income or at a rate of not
14 less than \$50 per month, whichever is greater. Payment will
15 begin no later than 60 days after your release from
16 confinement and will continue each month thereafter until the
17 balance is paid in full. In addition, at least 50 percent of
18 any receipts from gifts, tax returns, inheritances, bonuses,
19 lawsuit awards and any other similar received money will be
20 paid toward the unpaid balance within 15 days of receipt.
21 This payment plan will not affect the ability of the
22 Government to immediately collect payment in full through
23 garnishment, the treasury offset program, the inmate financial
24 responsibility program, the Federal Debt Collection Procedures
25 Act of 1990, or any other means available under federal or

1 state law. The Court further orders that interest on the
2 unpaid balance will be waived pursuant to 18 United States
3 Code Section 3612(f)(3).

4 I believe I stated it, but in case I did not, the
5 Offense Level is 30. The Defendant's Criminal History
6 Category is I, and that is before the reduction pursuant to
7 the Government's motion.

8 I will not require you to pay a fine, Mr. Leonard,
9 because I do not believe you have the financial capacity to do
10 so in light of the restitution obligation. You are, however,
11 to -- required to make a mandatory special assessment of \$100.

12 Pursuant to the Preliminary Order of Forfeiture that
13 the Court issued on August 27th, 2018, the Court orders final
14 forfeiture of the following items and property.

15 Do the parties agree that the Court can just describe
16 these properties in summary fashion?

17 MR. LEWIS: Yes, Your Honor.

18 MR. WIRMANI: Yes, Your Honor.

19 THE COURT: All right. 2008 Bentley Continental GT;
20 2013 Jeep Grand Cherokee; \$109.39 in currency from an account
21 ending 0851; \$29,449.64 in United States currency from an
22 account ending in 3128; \$150,770.90 in United States currency
23 from an account ending in 9508; \$557,273.60 in United States
24 currency from an account ending in 2057; \$564 in United States
25 currency from an account ending in 8321; collection of seven

1 paintings by Artist David Harouni; assorted jewelry seized on
2 June 15th, 2017: Six rings and one necklace.

3 When the Defendant is released from imprisonment, he
4 will be on supervised release for a term of three years.

5 When he is released from imprisonment, he will comply
6 with the standard conditions contained in the Court's judgment
7 and with these mandatory and special conditions.

8 Mr. Leonard, you will not commit another federal,
9 state or local crime.

10 You will not unlawfully possess a controlled
11 substance.

12 You will cooperate in the collection of DNA as
13 directed by the probation officer.

14 The Court will suspend the mandatory drug testing
15 condition based on my determination that you pose a low risk
16 of future substance abuse.

17 You will pay any remaining balance of restitution.

18 You will refrain from incurring new credit charges or
19 opening additional lines of credit without the approval of
20 your probation officer, unless the officer determines that you
21 are in compliance with your obligation to pay the restitution
22 amount in full, and you will provide to the probation officer
23 any requested financial information.

24 Now, Mr. Leonard, I want to speak to you for a moment
25 about the Court allowing you approximately two months to

1 report. The Court wants your assurances that you are not
2 feeling in a situation of stress or depression, such that I
3 need to be concerned about any threats to your safety or the
4 safety of others. Are you feeling mentally depressed to the
5 extent that you consider yourself to be a danger to yourself?

6 THE DEFENDANT: No, ma'am. I would never do that.
7 That's not my option. It's the Lord's option.

8 THE COURT: All right. And I understand that you had
9 some firearms but they are being kept for you by a friend. Is
10 that correct?

11 THE DEFENDANT: I signed them over.

12 THE COURT: Okay.

13 THE DEFENDANT: I sent the letter and -- I sent it
14 over to Probation.

15 THE COURT: All right. Will you commit to me,
16 Mr. Leonard, that to the extent that during this next
17 two-month period you feel that your mental state is such that
18 you need assistance, that you will report that to the
19 probation officer and will seek help from a mental health
20 professional?

21 THE DEFENDANT: Yes.

22 THE COURT: All right. Then the Court will, as I
23 stated, defer the reporting date until July the 23rd, 2019.

24 Are there any other issues that either the Government
25 or the Defense wish the Court to address in the Court's

1 judgment?

2 MR. LEWIS: Your Honor, the only other thing is we
3 would like the Court to make a recommendation as far as
4 housing in Pensacola.

5 THE COURT: I'm not going to do that, not because I
6 don't want him to go to Pensacola, but I'm now qualified in
7 light of the serious and varied types of physical issues that
8 the Defendant has to determine if that's the right place for
9 him. I will note that the Defendant has requested Pensacola,
10 and if that is a place that can satisfy his physical needs,
11 the Court has no objection to that.

12 THE DEFENDANT: It's just close.

13 THE COURT: Okay. I understand that, but they may --
14 I don't know whether there are beds there, and I don't know if
15 that's the place for someone with your health conditions. If
16 the Bureau of Prisons would otherwise put you there, I have no
17 problem. Is that the closest to your family?

18 THE DEFENDANT: Yeah, it's close to where we live.

19 THE COURT: Okay.

20 THE DEFENDANT: It's four hours.

21 THE COURT: All right. I'll so note that.

22 All right. Any other issues?

23 MR. LEWIS: No, Your Honor.

24 THE COURT: Do you know of any reason why the Court
25 cannot lawfully impose the sentence as stated?

1 MR. LEWIS: I do not, Your Honor.

2 THE COURT: All right. Then the Court does impose
3 the sentence as stated. Copies of the Presentence Report will
4 be furnished to the Bureau of Prisons and the Sentencing
5 Commission.

6 To the extent you have not waived or limited your
7 right to appeal, Mr. Leonard, if you wish to do so, you must
8 do to within 14 days of the date of the judgment. If you
9 cannot afford counsel for any appeal, you need to demonstrate
10 that to the satisfaction of the Court. And if the Court is
11 persuaded to that, then the Court will appoint counsel for
12 you. I do require that you go up to -- talk to Probation and
13 make arrangements to be processed.

14 All right. If there's nothing further, then we'll
15 take a five-minute recess. Thank you.

16 Okay. All right. I understand you're to go to the
17 Marshals Office, not the Probation Office. Okay?

18 MR. LEWIS: Yes, Your Honor.

19 THE COURT: All right. Thank you. All right. Take
20 a five-minute recess.

21 COURT SECURITY OFFICER: All rise.

22 (Hearing adjourned at 3:55 PM.)
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25

CERTIFICATE OF OFFICIAL REPORTER

I, Deborah A. Kriegshauser, Federal Official Realtime Court Reporter, in and for the United States District Court for the Eastern District of Missouri, do hereby certify that pursuant to Section 753, Title 28, United States Code, that the foregoing is a true and correct transcript of the stenographically-reported proceedings held in the above-entitled matter and that the transcript page format is in conformance with the regulations of the Judicial Conference of the United States.

Dated this 21st day of May, 2019.

/s/ Deborah A. Kriegshauser

DEBORAH A. KRIEGSHAUSER, FAPR, RMR, CRR
FEDERAL OFFICIAL COURT REPORTER